



**FIFTEENTH JUDICIAL CIRCUIT
LAFAYETTE COUNTY, MISSOURI**

**From The Office Of State Auditor
Claire McCaskill**

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AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

January 2003

The following audit report presents our findings and recommendations for the Fifteenth Judicial Circuit, Lafayette County, Missouri. During our audit, we identified accounting records, controls, and certain management practices which we believe could be improved.

Some criminal cost billings were not prepared by the Circuit Clerk on a timely basis, some were not prepared at all, and at least one was inaccurate. By not billing these costs as soon as it is allowable by law, the county, in some instances, is without revenue they are entitled to, for periods sometimes exceeding two years.

A listing of accrued costs owed to the court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate. All counter receipt slips are not recorded and reconciled with the receipt ledgers and receipt slips are not issued for copy monies nor is a receipt log kept.

Adequate records are not maintained to account for the individual traffic tickets issued and their ultimate disposition. Without proper accounting of the numerical sequence and ultimate disposition of traffic tickets, the Sheriff's department, Prosecuting Attorney's office, and Associate Circuit Division III cannot be assured that all tickets issued by the Sheriff's department are properly submitted to the court for processing.

An adequate system to account for all payments received by the Juvenile Office for transmittal to their offices has not been established. Additionally, a listing of accrued court costs and restitution owed is not maintained by the Juvenile Office and monitoring procedures related to accrued costs are not adequate.

Controls over law library procedures are in need of improvement and supervisory review of accounting records is not performed.

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YELLOW SHEET

FIFTEENTH JUDICIAL CIRCUIT
LAFAYETTE COUNTY, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Presiding Judge and Court en banc
and
The Circuit Clerk of the
Fifteenth Judicial Circuit
Lafayette County, Missouri

We have audited certain operations of the Fifteenth Judicial Circuit, Lafayette County, Missouri. The Lafayette County Commission engaged Randall Fiene, Certified Public Accountant (CPA) to perform annual audits of the financial statements of Lafayette County, including the various divisions of the Fifteenth Judicial Circuit, Lafayette County, Missouri for the fiscal years ended December 31, 2001 and 2000. To minimize any duplication of effort, we reviewed the reports and substantiating working papers of the CPA firm.

The scope of this audit included, but was not necessarily limited to, the two fiscal years ended December 31, 2001. The objectives of this audit were to:

1. Determine the internal controls established over the financial transactions of the judicial circuit.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.
4. Follow up on action taken by the judicial circuit on findings in our prior audit report.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the judicial circuit.

As part of our audit, we assessed the controls of the judicial circuit to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the judicial circuit's management, the Office of State Courts Administrator, and Lafayette County and was not subjected to the procedures applied in the audit of the judicial circuit.

The accompanying Management Advisory Report presents our findings arising from our audit of the Fifteenth Judicial Circuit, Lafayette County, Missouri.



Claire McCaskill
State Auditor

October 8, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

FIFTEENTH JUDICIAL CIRCUIT
LAFAYETTE COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Circuit Clerk's Accounting Controls and Procedures

- A. Some criminal cost billings were not prepared on a timely basis, some were not prepared at all, and at least one was inaccurate. The Circuit Clerk prepares and submits billings for incarceration costs utilizing the Sheriff's certification of the number of days incarcerated. The revenue from these billings is paid to the county by the Circuit Clerk. Procedures for collecting incarceration costs for defendants where the court retained the option of granting probation after 120 days, pursuant to Section 559.115, RSMo 2000, is to not bill the state for those costs, but to have the probation officer enforce collection and payment to the county. Of the thirty cases reviewed, two cases resulted in lost revenue to the county of approximately \$1,280 because payment of the incarceration costs was not a condition of probation and the two-year time limit for billing the state has expired. Several other cases have surpassed the two-year time limit, with incarceration costs totaling several thousand dollars to the county, which have not been submitted to the state for reimbursement. The defendants in those cases are still on probation and are required to pay those costs before being released, but in many cases it takes years from the original sentencing before the costs are received by the county.

These practices do not appear beneficial to the county since reimbursement of the incarceration costs could be requested as soon as the certification is received from the Sheriff. We spoke with several other Circuit Clerk's in the state regarding their criminal cost billing procedures, and they all indicated they bill the state for incarceration costs as soon as the certification of days incarcerated is received from the Sheriff. They all indicated that if payment is received later from the defendant while they are on probation, they will send those payments to the state.

In addition, the number of days billed to the state on one reimbursement request was 30 days less than the actual days incarcerated, causing an under billing of \$675.

To ensure criminal cost reimbursements received by the county are maximized, all allowable costs should be billed to the state in a timely manner. Section 221.105, RSMo 2000, allows the state to reimburse certain court and incarceration costs for criminal cases when the state has been rendered liable. The state is rendered liable for criminal costs when a defendant is sentenced to imprisonment by the Department of Corrections. Section 33.120, RSMo 2000, requires all such bills to be submitted to the state's Office of Administration within two years of the date of judgment and sentence. By not billing these costs as soon as it is

allowable by law, the county, in some instances, is without revenue they are entitled to, for periods sometimes exceeding two years.

- B. A listing of accrued costs owed to the court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate. When such costs occur, the Circuit Clerk's office sends a statement to the appropriate party requesting payment. No additional follow-up action is taken.

A complete and accurate listing of accrued costs would allow the Circuit Clerk to more easily review the amounts due to the court and to take appropriate steps to ensure amounts owed are collected. Inadequate procedures for the collection of accrued court costs may result in lost revenues. In addition, Section 546.870, RSMo 2000, requires the clerk to issue executions on amounts not collected at the end of each term.

- C. The Circuit Clerk's office did not ensure that all counter receipt slips (issued upon request) are recorded and reconciled with the receipt ledgers which are used to record all monies received. During our review of the counter receipt slips issued, we noted the method of payment (cash, check, or money order) recorded on two counter receipt slips did not agree with the method of payment recorded in the receipt ledger. In addition, we noted instances where it appeared a counter receipt slip was not recorded in the receipt ledger on a timely basis, resulting in deposits not always being made timely.

To ensure receipts are deposited intact, counter receipt slips should be reconciled to the composition of the receipt ledger. All receipts should be recorded immediately in the receipt ledger and deposited on a timely basis to adequately safeguard receipts and reduce the risk of loss or misuse of funds.

- D. Receipt slips are not issued for copy monies and a receipt log is not kept of these monies. These monies are included with the change fund monies. When these monies have accumulated, they are then turned over to the County Treasurer.

To properly account for all receipts, prenumbered receipt slips should be issued or receipts should be recorded on a log immediately upon receipt. The method of payment received (cash, check, or money order) should be noted on the receipt slips or receipt log. To ensure all receipts are properly accounted for, receipt slips or receipt log amounts should be reconciled, including the composition of receipts, to amounts deposited.

WE RECOMMEND the Circuit Clerk:

- A. Ensure all criminal costs are accurately billed to the state on a timely basis.
- B. Maintain a listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.

- C. Reconcile the composition of counter receipt slips to the composition of the receipt ledger. In addition, the Circuit Clerk should ensure all receipts are recorded immediately in the receipt ledger and deposited on a timely basis.
- D. Establish procedures to record and account for the copy monies.

AUDITEE'S RESPONSE

- A. *It is the Circuit Clerk's opinion and belief that during the time of this audit and in recent years prior thereto, criminal cost billings were being appropriately submitted to the state for incarceration costs on those individuals sentenced to serve a term in the Department of Corrections.*

Having procedures in place regarding the findings of indigency by those defendants requesting same, it was appropriate to submit criminal cost billings only on those defendants who were deemed indigent by Court order or by receiving a sentence without the privilege of a 120-day call back.

For those defendants being placed on probation, policy dictates that a condition of that probation always include the payment of court costs which are monitored by our local State Board of Probation and Parole. Policy indicates that failure to comply with this condition will result in an unfavorable report by the probation officer. Our Prosecuting Attorney who proceeds with filing an Application for Revocation then pursues this violation.

After much thought, discussion and research on the topic, all cases involving incarceration wherein a defendant is sentenced will be submitted to the state for cost reimbursement. Further, all cases involving a sentence in 2001 and 2002 wherein costs have not been paid in full will be submitted as well. We feel we are better capable of monitoring this activity with the aid of our new automated Judicial Information System as it enables proper reimbursement to the State when the defendant pays the costs as ordered.

Lastly, in response to a situation of under billing, we can only bill for those days that the Sheriff's office reports to us. It should be a given that mistakes will be made from time to time, none to intentionally deprive the county of any reimbursement.

- B. *Beginning January 1, 2003, a log will be created of all defendants receiving a sentence that shows the amount of costs owed. Another list will be created of those defendants sentenced within the last five years who still owe costs. These logs will be useful tools in monitoring any delinquencies so that additional statements can be issued or extra efforts can be made by the probation officers to collect the unpaid amounts.*
- C. *Reminders will be given to all staff of the importance of noting on the receipt the type of payment received.*

- D. *New procedures will be implemented in early 2003 resulting in the creation of an additional copy of counter receipt slips to accompany all cash receipts, including copy money, which will be posted daily rather than on an accumulative basis. As all receipts are prenumbered, this will be a minor change.*

2. Associate Circuit Division III's Procedures

Adequate records are not maintained to account for the individual traffic tickets issued and their ultimate disposition. Nine tickets we requested could not be located by Associate Circuit Division III, the Prosecuting Attorney's office or the Sheriff's department. In 2000, the Associate Circuit Court could not account for the numerical sequence of traffic tickets because the case log did not include the traffic ticket numbers. The Sheriff's department maintains a log of the tickets written by each deputy; however, the log can not be sorted by ticket number and we noted several sequences of tickets which were not accounted for fully.

Without proper accounting of the numerical sequence and ultimate disposition of traffic tickets, the Sheriff's department, Prosecuting Attorney's office, and Associate Circuit Division III cannot be assured that all tickets issued by the Sheriff's department are properly submitted to the court for processing. A log listing the ticket book, each ticket number, the date issued, offense, and the violator's name would enable the Sheriff's department, Prosecuting Attorney, and Associate Circuit Division III to ensure all tickets issued have been submitted to the court for processing, properly voided, or not prosecuted. In addition, a record should be maintained of the ultimate disposition of each ticket to ensure all documents have been accounted for properly.

WE RECOMMEND the Associate Circuit Division III work with the Sheriff's department and the Prosecuting Attorney's office to ensure records are maintained to account for the numerical sequence of all traffic tickets issued, as well as the ultimate disposition of tickets.

AUDITEE'S RESPONSE

We do not know if the JIS system used by the Court is capable of tracking traffic tickets in the manner suggested by the Auditors and we have no authority to compel the Sheriff or Prosecuting Attorney to maintain appropriate records of those tickets (which may or may not be filed with the Court), but we will, to the extent practical, work with those offices to implement this recommendation.

3. Juvenile Office's Accounting Controls and Procedures

- A. An adequate system to account for all payments received by the Juvenile Office for transmittal to other offices has not been established. The documentation of payments made to the Juvenile Office is currently maintained in individual case

files. The Juvenile Office has not established procedures to ensure all payments are accounted for in a readily accessible manner.

To ensure all payments made to the Juvenile Office are handled and accounted for properly, a log should be maintained showing each payment and its disposition. The log should contain information such as the payee, the amount of the money order, and the date and office where the monies were transmitted.

- B. A listing of accrued court costs and restitution owed is not maintained by the Juvenile Office and monitoring procedures related to accrued costs are not adequate. A complete and accurate listing of accrued costs would allow the Juvenile Office to more easily review the amounts due and to take appropriate steps to ensure amounts owed are collected. Inadequate procedures for the collection of accrued court costs may result in lost revenues.

WE RECOMMEND the Juvenile Office:

- A. Implement procedures to adequately account for payments.
- B. Maintain a listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.

AUDITEE'S RESPONSE

- A. *We agree and have already implemented this recommendation.*
- B. *We are currently in the process of implementing a new accounting system. We will receive training by March 2003 and believe we can implement this recommendation at that time.*

4. Law Library Procedures

Controls over law library procedures are in need of improvement and supervisory review of accounting records is not performed. Approximately \$12,000 of law books and publications are purchased annually for the law library. Perpetual inventory records of law library materials are not maintained, annual physical inventories are not performed, and some books in the law library are not properly identified as county property. In addition, an issuance log is not maintained for law library materials checked out by attorneys. Furthermore, supervisory review of the accounting records is not performed. The law library custodian is responsible for preparing deposits, posting receipts to the check register, performing bank reconciliations, and preparing and signing checks.

A physical inventory should be performed annually and compared to perpetual inventory records. Properly identified books helps assure all books are included in the inventory records and identified as property of the law library. Proper inventory procedures

reduces the risk of loss, misuse, or theft of law library assets. To properly account for all law library materials, a properly documented issuance log should be maintained which includes the issuer's name, the name of the person checking out the materials, and the date and time of check out and check in of the materials.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance. At a minimum, there should be a documented review made by an independent person of the books and records of the law library custodian.

WE RECOMMEND the Presiding Circuit Judge require the law library custodian to maintain perpetual inventory records, perform an annual physical inventory of all law library materials, and require all books to be properly identified as being property of the law library. In addition, a complete and properly documented law library materials issuance log should be maintained and supervisory review of accounting records should be performed.

AUDITEE'S RESPONSE

With regards to the inventory, that process has begun. With regards to identification of books, that has been performed by the current custodian since she took over and we will make an effort to identify books purchased in previous years as property of the law library. An accounting of law library funds will be provided annually and an independent person will make an annual physical inventory of law library materials. An issuance log will be difficult to maintain without a librarian, but we will consider options to address this concern.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

FIFTEENTH JUDICIAL CIRCUIT
LAFAYETTE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Fifteenth Judicial Circuit, Lafayette County, Missouri, on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended December 31, 1995. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the judicial circuit should consider implementing those recommendations.

1. Child Support Account

Due to concerns noted in 1995 regarding the child support account, the Circuit Clerk requested assistance from the Office of State Courts Administrator (OSCA). The Circuit Clerk and the OSCA noted numerous errors and discrepancies. These apparent errors and discrepancies involved differences between recorded and deposited receipts and duplicate payments being made to custodial parents. The Circuit Clerk, along with the OSCA, attempted to resolve these errors and discrepancies, which may include recovery of some monies.

As a result of the problems noted above, the Circuit Clerk made several changes in accounting practices and procedures to ensure duties are properly segregated, and to ensure monies are adequately recorded, deposited, monitored, and disbursed.

Recommendation:

The Circuit Clerk ensure current practices and procedures are followed and continue to work with the OSCA to fully resolve all errors and discrepancies noted in the child support account.

Status:

Implemented.

2. Circuit Clerk's Accounting Controls - Fee Account

- A. Receipts were not deposited timely.
- B. Monthly listings of open items (liabilities) were not prepared and, consequently, open items were not reconciled with cash balances.

Recommendation:

The Circuit Clerk:

- A. Deposit receipts daily or when accumulated receipts exceed \$100.
- B. Prepare monthly listings of open items and reconcile the listings to the cash balance. An attempt should be made to investigate the unidentified monies and any monies remaining unidentified should be disbursed in accordance with state law.

Status:

- A. Not implemented. See MAR finding number 1.
- B. Implemented.

3. Child Support Delinquency Notices

Delinquency notices were not sent to absent parents for unpaid child support payments. Instead, the Circuit Clerk directed the custodial parents to the Missouri Division of Child Support Enforcement (DCSE) for enforcement against absent parents.

Recommendation:

The Circuit Clerk issue delinquent notices in accordance with state law.

Status:

Not implemented. Child support monies are now collected by the State of Missouri.

4. Sheriff's Accounting Controls and Procedures

The Sheriff of Lafayette County, in addition to being the chief law enforcement officer of the county, was responsible for collecting and disbursing fines and court cost for criminal and traffic cases assigned to the Associate Circuit Division. In the audit report of Lafayette County for the year ended December 31, 1995, the county's independent auditor made a series of recommendations for improving the accounting controls and procedures over monies collected by the Sheriff's office.

Recommendation:

The Associate Circuit Court work with the Sheriff's office to ensure the recommendations in the county's audit report are fully implemented.

Status:

Implemented. In January 1997, the Associate Circuit Court, instead of the Sheriff's office, started collecting and disbursing fines and court costs for criminal and traffic cases assigned to the Associate Circuit Court.

5. Law Library Fund

- A. Perpetual inventory records of the law library books and reference materials were not maintained.
- B. An annual physical inventory of the law library books and reference material was not performed.
- C. Some books in the law library were not properly identified as being the property of the Lafayette County Law Library.

Recommendation:

The Presiding Circuit Judge:

- A. Require perpetual inventory records be maintained.
- B. Require an annual physical inventory of all library materials be performed and compared to perpetual inventory records.
- C. Require all books be stamped "Property of Lafayette County Law Library".

Status:

- A, B,
&C. Not implemented. See MAR finding number 4.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

FIFTEENTH JUDICIAL CIRCUIT
LAFAYETTE COUNTY, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

Organization

The Fifteenth Judicial Circuit consists of Lafayette County as well as Saline County.

The Fifteenth Judicial Circuit consists of one circuit judge and four associate circuit judges. The circuit judge hears cases throughout the circuit. He also serves as the presiding judge and, therefore is responsible for the administration of the circuit. Of the four associate judges, two are located in Lafayette County and preside over the Associate Circuit Court (Division III) and the Probate Division Court (Division II). The other two associate circuit judges are located in Saline County.

In addition to the judges, the Fifteenth Judicial Circuit, Lafayette County personnel include a circuit clerk, an associate division clerk, a probate division clerk, eleven deputy clerks, five deputy juvenile officers, a court reporter (who also serves Saline County), and a secretary (who also serves Saline County). The Juvenile Officer's home base is Lafayette County, but she also serves the residents of Saline County.

Circuit personnel located in Saline County are not included in the scope of this audit, but are reported on separately.

Operating Costs

The operating expenses for the circuit court, court reporter, and juvenile office, including the juvenile detention center are paid for by the two counties within the circuit, which is split equally between the counties except for the juvenile office in 2000. The 2000 juvenile office operating expenses were based on the population of the two counties. The salaries of all the court personnel and the juvenile office are paid by the state of Missouri.

Receipts

Receipts of the Fifteenth Judicial Circuit, Lafayette County, not including the Juvenile Division, were as follows:

	<u>Year Ended December 31,</u>	
	<u>2001</u>	<u>2000</u>
Court deposits, fees, bonds, and other \$	3,878,463	3,156,803
Child support	406,153	1,025,751
Interest income	15,766	14,860
Total	<u>\$ 4,300,382</u>	<u>4,197,414</u>

Caseload and Time Standards Statistics

From the Office of State Courts Administrator Missouri Judicial Reports, caseload statistics of the filings and dispositions of the Fifteenth Judicial Circuit, Lafayette County, were as follows:

	Year Ended June 30,			
	2001		2000	
	Filings	Dispositions	Filings	Dispositions
Civil	1,198	1,233	1,212	1,214
Criminal	11,410	11,854	14,139	12,379
Juvenile	81	69	84	99
Probate	115	97	96	104
Total	12,804	13,253	15,531	13,796

From the Office of State Courts Administrator Missouri Judicial Report for fiscal year 2001, statistics on the compliance of the Fifteenth Judicial Circuit, Lafayette County, with time standards for disposition of certain types of cases were as follows:

Personnel

Type of Case	Time Standard	Fifteenth Judicial Circuit Lafayette County, Missouri	State Total
Circuit Civil	90% in 18 months	80 %	78 %
	98% in 24 months	88	87
Domestic Relations	90% in 8 months	77	81
	98% in 12 months	85	89
Associate Civil	90% in 6 months	89	85
	98% in 12 months	96	96
Circuit Felony	90% in 8 months	82	85
	98% in 12 months	88	92
Associate Criminal	90% in 4 months	72	77
	98% in 6 months	82	88

At December 31, 2001, the judges, Circuit Clerk, and Juvenile Officer of the Fifteenth Judicial Circuit, Lafayette County, were as follows:

Dennis Rolf, Circuit Judge, Division I
 John E. Frerking, Associate Circuit Judge, Division II - Probate Division
 John G. Miller, Associate Circuit Judge, Division III
 Deana Aversman, Circuit Clerk
 Amy Meyers, Juvenile Officer

An organization chart follows:

FIFTEENTH JUDICIAL CIRCUIT
 LAFAYETTE COUNTY, MISSOURI
 ORGANIZATION CHART
 DECEMBER 31, 2001

